

Message Text

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ACTION NEA-10

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TAGS/ USIRJC, AFSP

SUBJ: US/IRAN JOINT COMMISSION: TECHNICAL COOPERATION PROGRAM

1. DEPUTY ASSISTANT SECRETARY SOBER, ACCOMPANIED BY ECONOMIC COUNSELOR, CALLED ON SENIOR DEPUTY MINISTER MEHRAN OF MINISTRY OF ECONOMIC AFFAIRS AND FINANCE ON SEPTEMBER 27 FOR A REVIEW OF PENDING MATTERS PRIOR TO COMMITTEE ECONOMY AND FINANCE MEETINGS. SOBER OBSERVED THAT CONSONANT WITH USG POLICY THERE IS HIGH INTEREST AMONG USG AGENCIES IN TECHNICAL COLLABORATION WITH IRAN, ALONG LINES DISCUSSED AT JOINT COMMISSION AND SUBSEQUENT MEETINGS. STRESSING OUR DESIRE TO BE RESPONSIVE TO IRANIAN WISHES, SOBER NOTED THAT ACTUAL PROGRESS TO DATE HAS BEEN SLOW. FOR EXAMPLE, SOME TIME AGO USDA HAD SUBMITTED A DETAILED PROPOSAL FOR COLLABORATION, BUT THERE HAS BEEN NO CLEAR GOI RESPONSE TO DATE. IT APPEARED ALSO THAT AT LEAST ONE GOI MINISTRY(LABOR AND SOCIAL AFFAIRS) LACKED ABILITY TO BUDGET BEYOND CURRENT FISCAL YEAR, AND THIS MADE IT IMPOSSIBLE TO PROCEED WITH LONGER-TERM PROGRAM IN THE MANPOWER FIELD. SOBER SAID HE WOULD WELCOME MEHRAN'S COMMENTS ON WHAT MIGHT BE DONE TO CUT THROUGH DIFFICULTIES.

2. MEHRAN READILY CONCEDED THAT PROGRESS HAS BEEN SLOW AND ATTRIBUTED THIS TO A FUNDAMENTAL DIFFERENCE OF
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OPINION BETWEEN THE TWO GOVERNMENTS ON THE QUESTION OF REIMBURSEMENT. IN IRAN'S VIEW, HE SAID, A LOT OF

TECHNICAL COOPERATION FOR WHICH THE USG SEEKS REIMBURSEMENT IS IN FACT PRE-EXPORT SALES ACTIVITY BY USG PERSONNEL. IT HAS BEEN THE GOI VIEW THAT SUCH ACTIVITY, AND PARTICULARLY, WHEN CARRIED ON BY USG DIRECT HIRE PERSONNEL, OUGHT NOT RPT NOT TO BE A CHARGE PAYABLE BY IRAN. IN VIEW OF THE DIVERGENCE OF VIEWS BETWEEN THE TWO GOVERNMENTS, MEHRAN SAID THAT HE HAD BEEN MEETING FREQUENTLY WITH OTHER GOI AGENCIES TO HAMMER OUT A TECHNICAL COOPERATION DOCUMENT WHICH IN SOME FASHION WOULD BRIDGE THIS GAP. SUCH A PAPER HAS NOW BEEN PREPARED AND SUBMITTED TO THE MINISTRY OF FOREIGN AFFAIRS FOR REVIEW.

3. SOBER WELCOMED MEHRAN'S FRANKNESS AND REAFFIRMED USG DESIRE TO RESPOND TO THE BEST OF ITS ABILITY TO IRAN'S REQUEST FOR TECHNICAL COOPERATION IN VARIED ECONOMIC SECTORS. CITING, AS AN EXAMPLE, THE VERY LARGE TECHNICAL COOPERATION BETWEEN IRAN AND THE UNITED STATES IN THE MILITARY FIELD, HE NOTED AN UNDERLYING PRINCIPLE THAT SUCH COOPERATION(A) IS NOT RPT NOT GRANT OR LOAN ASSISTANCE, AND (B) IS ENTIRELY NON-PROFIT. ALL RELEVANT COSTS OF OUR TECHNICAL COLLABORATION IN ANY GIVEN MILITARY PROGRAM ARE FACTORED IN TO ARRIVE AT A FINAL FIGURE TO BE REIMBURSED BY THE GOI. SOBER SAID WE WERE PROCEEDING ON THE UNDERSTANDING THAT A SIMILAR PRINCIPLE WITH REGARD TO COSITNG WOULD APPLY IN THE ECONOMIC FIELD. HE NOTED THAT THE NON-FOREIGN AFFAIRS AGENCIES OF THE USG(E.G. LABOR, DOT)HAVE NO MONIES IN THEIR BUDGETS WHICH WOULD PERMIT EXPENDITURES FOR ESSENTIALLY FOREIGN POLICY PURPOSES. THUS, IN THE ABSENCE OF AN AID PROGRAM (WHICH NEITHER THE US NOR IRAN WANTS) ALL COSTS OF TECHNICAL COOPERATION ARE TO BE REIMBURSED.

4. SOBER SAID WE WERE WELL AWARE OF GOI HESITATION ON REIMBURSEMENT OF WHAT IT CONSIDERED TO BE PRE-EXPORT SALES ACTIVITY. WE HAD GIVEN INTENSIVE ATTENTION TO THIS CONCERN. IN FACT, THERE IS NO MECHANISM IN OUR SYSTEM WHICH WOULD MAKE POSSIBLE BILLING US COMPANIES FOR USG TECHNICAL HELP TO IRAN WHICH MIGHT EVENTUALLY, LIMITED OFFICIAL USE
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IN SOME WAY, LEAD TO AN EXPORT SALES. SOBER THEN DREW AT SOME LENGTH ON RELEVANT PORTIONS OF STATE 209270 RE TECHNICAL SERVICES IN CAPITAL PROJECT DEVELOPMENT TO MAKE THE POINT THAT WE CONSIDERED SUCH SERVICES PROVIDED BY USG TO BE LEGITIMATELY REIMBURSABLE BY GOI. (HE ALSO NOTED THAT MOST OF OUR REIMBURSED TECHNICAL COOPERATION IN MILITARY FIELD RELATES TO PROVISION OF US EQUIPMENT PURCHASED BY IRAN.)

5. MEHRAN THEN NOTED THAT THE STANDARDIZED TERMS THAT

HE HAD WORKED OUT WITHIN THE GOI(PARA 2 ABOVE) WOULD, HE THOUGHT, PROVIDE A SATISFACTORY DELINEATION OF SUPPORT THE GOI IS TO SUPPLY IN THE AREA OF TECHNICAL COOPERATION. NONETHELESS, THERE WOULD BE VARIATIONS FROM MINISTRY TO MINISTRY. FOR EXAMPLE, WHEREAS THE MINISTRY OF TRANSPORT AND PUBLIC ROADS HAS SET UP A FUND THAT FHWA CAN DRAW ON, THE MINISTRY OF HOUSING, ON THE OTHER HAND, MIGHT NOT PREFER IT THAT WAY. IN ANY EVENT, HE HOPED THAT THESE STANDARDIZED TERMS WOULD MEET THE MAJOR REQUIREMENTS OF BOTH SIDES. HE HOPED TO BE ABLE TO GIVE US THE PAPER IN THE COURSE OF THE COMMITTEE MEETINGS. SPEAKING TO THE QUESTION OF ANNUAL BUDGET ALLOCATIONS FOR MULTI-YEAR PROGRAMS, MEHRAN THOUGHT THERE SHOULD BE NO REAL PRACTICAL PROBLEM HERE. ALTHOUGH GOI MINISTRIES ARE BOUND BY ANNUAL APPROPRIATIONS AND CANNOT MAKE FINANCIAL ALLOCATIONS OUTSIDE THE ANNUAL BUDGETARY PROCESS, NONETHELESS MULTI-YEAR PROGRAMS CAN BE ENTERED INTO AND WITH A REASONABLE EXPECTATION THAT FUNDS WILL BE AVAILABLE OVER THE COURSE OF THE LIFE OF THE PROGRAM.

6. MEHRAN WAS DISINCLINED TO ENTER INTO ANY DISCUSSION OF SPECIFIC PRIVILEGES AND IMMUNITIES FOR US TECHNICIANS. HE SAID THAT THIS WAS "A VERY TRICKY AREA", AND HE DOUBTED IF THE FULL RANGE OF PRIVILEGES AND IMMUNITIES ACCORDING TO THE EMBASSY STAFF WOULD BE POSSIBLE FOR US TECHNICIANS. HE RECOMMENDED THAT WE EXAMINE THE GOI'S FRAFT TECHNICAL ASSISTANCE PAPER AND THEN CONSULT WITH THE MFA IF NECESSARY.
HELMS

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